sector. Entry of these bodies in insurance sector as an insurer or as a distributing agent of insurance products will increase the insurance coverage, especially in rural areas.

Legislation on Service Tax

2035. SHRI KARNENDU BHATTACHARJEE: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government propose to bring forward legislation on Service Tax;

(b) if so, the details of the proposed enactment and the reasons therefor;

(c) by when the new legislation is likely to be put in place; and

(d) whether the proposed law would take care of the interest of the State Governments in regards to the sharing of services with the Central Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) to (d) The States have taken a unanimous decision to replace their existing sales tax system with Value Added Tax System from 1st April, 2003. In this context, and also to widen their tax base, all the States have requested that they should be allowed to levy tax on services. Appropriate action in this regard has been initiated by the Central Government.

Deduction/concession in Income Tax Act

2036. SHRI KARNENDU BHATTACHARJEE: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government propose to terminate all concessions and deductions in the Income Tax Act;

(b) If so, the details thereof and the reasons therefore; and

(c) whether Government have drawn up a strategy to phase out the concession and if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) No, Sir.

(b) Does not arise.

(c) In recent years, there has been a concerted effort towards the rationalisation and simplification of the direct taxes, which includes the

streamlining of the multiple tax concessions and deductions under the Income Tax Act.

Failure of disinvestment programme

2037. SHRI PREMCHAND GUPTA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that the disinvestment programme of Government have gone into total disarray and has been kept in abeyance; and

(b) if so, in what manner Government propose to meet the shortfall of Rs. 12000 crore which it was expecting from the sale of PSU shares and a provision for which was made in the budget for the current fiscal year?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) No Sir.

(b) Government is making all efforts to ensure that the target for disinvestment proceeds is achieved for the current fiscal year.

Fall in disbursement by Financial Institutions

2038. SHRI PREM CHAND GUPTA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that there is a significant fall in sanctions and disbursement by financial institutions during the year 2001-2002;

(b) if so, whether it will not further erode the profitability of the financial institutions and their position would go from bad at present to worse in future;

(c) whether the above position is due to general economic slowdown or dwindling faith of the industry in the institutions; and

(d) in what manner Government propose to deal with this situation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) Yes, Sir.

(b) No, Sir. Profitability levels depend *inter-alia* on several other factors, including cost of funds, quality of portfolio, volume of recovery/ internal generation etc.